

CITY OF SANTA ROSA
BOARD OF PUBLIC UTILITIES

TO: BOARD OF PUBLIC UTILITIES
FROM: JENNIFER MYLES, SENIOR BUYER, FINANCE DEPARTMENT
SUBJECT: RATIFICATION AND APPROVAL OF BLANKET PURCHASE
ORDER 166906 SECOND AMENDMENT – ONE YEAR
EXTENSION AND INCREASE IN COMPENSATION FOR FERRIC
CHLORIDE DELIVERY

AGENDA ACTION: MOTION

RECOMMENDATION

It is recommended by Santa Rosa Water and the Finance Department that the Board of Public Utilities, by motion, approve ratification for period between expiration and award of Second Amendment for continued use, and the Second Amendment to Blanket Purchase Order (BPO) 166906 for ferric chloride delivery to extend for a one-year period with an increase in unit price and compensation in the amount of \$612,415.16 to Pencco, Inc., San Felipe, Texas for a not to exceed BPO cumulative value of \$1,372,082.99.

EXECUTIVE SUMMARY

Santa Rosa Water and Finance Department requests to ratify for period of expiration and award of Second Amendment for continued use and extend the Blanket Purchase Order 166906 for ferric chloride delivery for a one-year extension and increase in compensation. Blanket Purchase Order 166906 expired on May 31, 2023.

BACKGROUND

On May 24, 2022, the Assistant City Manager approved bid award of Invitation For Bids (IFB) 22-16 and issuance of a BPO 166906 for a one-year period, with four (4) one year renewal options for the delivery of ferric chloride (ferric) with Pencco, Inc., San Felipe, Texas in the amount of \$100,000. The deliveries come from the vendor's facility located in Stockton, California.

Ferric chloride is fed into the Laguna Treatment Plant's (Plant) influent flow in proportion to the volume of sewage received each day. The ferric binds with solids in the primary treatment process and is subsequently transported to the digesters where it inhibits hydrogen sulfide production in the digester gas. Hydrogen sulfide production must be

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kept to relatively low levels in order to meet air permit requirements and avoid degradation of the Plant's combined heat and power engines, which use digester gas as a fuel for power production.

Due to extenuating circumstances associated with staff workloads and turnover, staff inadvertently identified the extension need only a week prior to expiration.

PRIOR BOARD OF PUBLIC UTILITIES REVIEW

On March 16, 2023, the Board of Public Utilities approved the First Amendment to add funds in the amount of \$65,000 through current term and extend the term for one year with an increase in compensation in the amount of \$594,667.83.

ANALYSIS

Pencco, Inc. has submitted a one-year extension proposal with a 3% increase request in unit prices due to unforeseeable market conditions, and unprecedented raw material and transportation cost increases. The original bid response from Pencco, Inc. on IFB 22-16 for ferric chloride, the lowest responsive bid, resulted in an award which was 4% lower than the next lowest bid. The First Amendment for extension resulted in a 10% increase. Staff has determined that the currently proposed 3% increase request is fair and reasonable.

The ratification approves any ongoing service and payment of invoices under the expired period of May 31, 2024 through the Board of Public Utilities approval on June 20, 2024. In order to prevent this in the future, Purchasing staff and Water Department staff will continue to monitor BPO and Contract terms in collaboration.

In light of Pencco's proposal, staff recommends that it is in the City's best interest to extend this Blanket Purchase Order for ongoing needs.

FISCAL IMPACT

Funds for this expense are included in the Fiscal Year 2023-24 adopted operational budget 130802 under the Water Department. As a regular operating expenditure, the services, as described, are expected to be included in subsequent years' budget proposals when presented to the City Council. Approval of this action does not have a fiscal impact on the General Fund.

ENVIRONMENTAL IMPACT

This action is exempt from the provisions of the California Environmental Quality Act (CEQA) under CEQA Guidelines Section 15061(b)(3) and 15378 in that there is no possibility that the implementation of this action may have significant effects on the environment, and no further environmental review is required.

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BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Attachment 1 – Second Amendment Compensation Schedule

PRESENTER

John Walker, Wastewater Treatment Superintendent, Water Department
Brandalyn Tramel, Purchasing Agent, Finance Department